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Website : www.esquireknit.com
Factory :
Kanchpur, Sonargaon, Narayanganj, Bangladesh.



Esquire Knit Composite Ltd.



Certified by :

Ref: EKCI/IPO-FUND/BSEC/34/2021
Sunday, 21 November, 2021

The Chairman
Bangladesh Securities and Exchange Commission,
Securities Commission Bhaban,
E-6/C, Agargaon, Sher-e-Bangla Nagar A/A
Dhaka-1207

Subject: Submission of Monthly Audited IPO Fund Utilization report for the month of July 2021 in Compliance with the condition No. 3 of Part-C of BSEC's consent letter No. BESC/CI/BB-11/2017/845 dated December 11, 2018.

Dear Sir,

With reference to the above-mentioned subject, we are pleased to submit herewith the audited IPO fund utilization report for the month of **July 2021**, in compliance with condition No. 3 of Part-C of Bangladesh Securities and Exchange Commission the consent given under Section 2CC of the Securities & Exchange Ordinance, 1969.

This is for your kind information and record.

Thank you.

Yours faithfully,

Md. Mohir Hossain
Company Secretary



Enclosure:

01. Monthly audited IPO Fund utilization report;
02. Monthly bank statement.

Copy to:

1. The Managing Director, Dhaka Stock Exchange Limited, Stock Exchange Building, 9/F Motijheel C/A, Dhaka.
2. The Managing Director, Chittagong Stock Exchange Limited, Eunoos Centre, 15th Floor, 52-53 Dilkusha, Dhaka.



Member of



Esquire Group

Malek Siddiqui Wali

CHARTERED ACCOUNTANTS

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To Whom It May Concern

Based on our audit accompanying Status of Utilization of IPO proceeds with reference to all related documents of Esquire Knit Composite Ltd. (EKCL) as of July 31, 2021, we certify that, to the best of our knowledge and belief and according to the examination:

- a. The IPO proceeds that have been utilized for the purposes/heads specified in the prospectus;
- b. The IPO proceeds have been utilized in line with the conditions of the commission's consent letter;
- c. The utilization report has shown of Tk. 1,065,586,848 (including during the month of July 2021 of Tk. 39,533,307) out of committed expenditure of Tk. 150 crore. Our observations regarding this utilization report is furnished below:

Observation 1:

Tk. 25 lakh has been shown as utilization of fire alarming system and related equipment purchase (partially) under Building and Civil Construction, which do not fall, in our opinion, under the definition of Building and Civil Construction material.

Observation 2:

The company has shown utilization of Tk. 777,959,491 as of July 31, 2021 (out of total utilization of Tk. 846,815,628) in respect of Building and Civil Construction under the contract with Pinnacle Construction Management Ltd., a related party of EKCL as per IAS 24: Related Party Disclosures. In addition, the company has made advance of Tk. 187,040,509 to Pinnacle Construction Management Ltd. as of July 31, 2021.

Observation 3:

Under the building and Civil Construction, the company has shown utilization of Tk. 4 crore as of July 31, 2021 against the purchase of Industrial Chiller Machineries, which do not fall, in our opinion, under the definition of Building and Civil Construction material.

Observation 4:

We also observed that the company had original plan to construct three separate buildings, two of these were six storied and rest one was four storied with total area of 615,444 sq.ft. (please see the page no. 240, Note: 2 in IPO Prospectus). However, the company is developing one building containing with ten storied plus one basement, which is of 688,460 sq.ft.

- d. The utilization in respect of procurement of Garments Machineries was Tk. 154,382,720 as of July 31, 2021. The company has utilized TK. 22,865,809 during the month of July 2021.
- e. The company purchases its imported machineries and Equipment via L' Esquire Ltd., a 99% owned subsidiary of EKCL. For that purposes, Tk. 185,123,192 has been paid as advance for the acquisition of Machineries & Equipment and 14 no. LCs have been under progress in relation to this.
Five of these fourteen LCs consisting of total LC value of Tk. 112,471,369 (USD 1,323,971) are related to the acquisition of machineries which do not meet the criteria of garments machineries. The utilization of IPO proceeds for acquisition of such equipment and machineries was not mentioned in IPO Proceeds Utilization plan mentioned in IPO Prospectus.
- f. The utilization report is self-explanatory.

Dated: Dhaka,
November 18, 2021


Malek Siddiqui Wali
Chartered Accountants

Report on Utilization of IPO Proceeds

For the month of July 2021

Name of the Company : Esquire Knit Composite Ltd.

Amount (BDT) of Capital Raised through IPO : Tk.1500,000,000 (Approximately)

Date of Closing Subscription : January 20, 2019

Proceeds Receiving Date : March 03, 2019

Last date of Full Utilization of Fund as per Prospectus : Within 24 months of receiving the IPO Proceeds

Last date of Full Utilization of Fund as per Extended time : Within 31 December 2021

Sl. No.	Purpose Mentioned in the Prospectus	Time Line as per Prospectus	Amount as per Prospectus (Approx.)	Status of Utilization			Status of Un-utilization		Remarks
				This Month	Upto this month	Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	
1	Building and civil construction	Within 24 months of IPO Proceeds	1,004,215,500	16,667,498	846,815,628	84.33	157,399,872	15.67	
2	Machineries	Within 24 months of IPO Proceeds	431,396,000	22,865,809	154,382,720	35.79	277,013,280	64.21	
3	IPO Expenses	On Turnkey basis	64,388,500	-	64,388,500	100.00	-	-	
	Total		1,500,000,000	39,533,307	1,065,586,848	71.04	434,413,152	28.96	

Advance for LC [LC Margin and subsequent cost]

57,971,245
434,413,152
492,384,397

Net interest on IPO Proceeds

Un-utilized IPO Proceeds

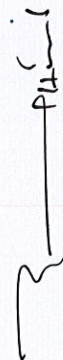
Total Un-utilized IPO Proceeds with net interest income

Particulars	Month	Amount in taka
Machineries	Jan-21	55,643,352
Machineries	Mar-21	182,679
Machineries	Apr-21	31,745,639
Building Material	May-21	2,542,886
Machineries	May-21	3,462,365
Machineries	Jun-21	88,548,613
Machineries	Jul-21	2,997,658
		185,123,192

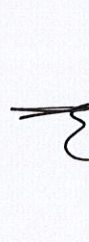
Notes:


- a) During the month, the Company has utilized Tk. 16,667,498 against payment of Building and civil construction and Tk. 22,865,809 against payment of Garments machineries from IPO Proceeds accounts.

On behalf of Board of Directors

 Managing Director

 Director

 Company Secretary


Malek Siddiqui Wali
CHARTERED ACCOUNTANTS